

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Chris Kovanes, Town Administrator

PREPARED BY: Ken Cohen, Assistant Town Administrator

SUBJECT: Johnson Controls, Inc. – Memorandum of Understanding

AFFECTED DISTRICT: Districts 1, 2 and 3

Title of Agenda Item: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE A NON-BINDING MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF DAVIE, FLORIDA AND JOHNSON CONTROLS, INC.

Report in Brief: Town staff desires to obtain the services of an organization capable of providing an analysis/assessment of certain functions of the Town's water utility. The analysis/assessment will determine if cost savings or additional revenues can be generated to improve the overall financial performance of the water utility.

Johnson Controls, Inc. has been found to be capable of accomplishing the required tasks. Attached is a “non-binding” memorandum of understanding between the Town and Johnson Controls, Inc. There is no cost to the Town for the initial assessment and preliminary analysis. Prior to committing any Town funds, staff will follow established bid guidelines.

FISCAL IMPACT: N/A

RECOMMENDATION: Motion to approve the Resolution

ATTACHMENTS: Resolution
Memorandum of Understanding
Information sheet from Johnson Controls, Inc.

RESOLUTION _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE A NON-BINDING MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF DAVIE, FLORIDA AND JOHNSON CONTROLS, INC.

WHEREAS, the Town councilmembers want to insure that the municipal water utility runs as efficiently as possible; and

WHEREAS, Johnson Controls, Inc. is offering to do an initial assessment and preliminary analysis at no cost and with no future obligation to the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA.

SECTION 1. The Town of Davie Town Council hereby authorizes the Mayor to execute the Memorandum of Understanding between the Town of Davie and Johnson Controls, Inc.

SECTION 2. This resolution shall take effect immediately upon passage and adoption.

PASSED AND ADOPTED THIS DAY OF , 2005

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2005

The Town of Davie
6591 Orange Drive
Davie, Florida 33314

(CLIENT)

Johnson Controls, Inc. (JCI)
3300 Corporate Ave.
Weston, Florida 33331

1) **RESPONSIBILITIES OF JCI**

JCI hereby agrees to conduct a Feasibility Assessment of Client's Municipal Water Utility to determine the viability of moving forward with a budget-neutral infrastructure improvement program. This Feasibility Assessment will include specific strategies to reduce expenditures and/or increase revenues, with the combined financial benefit being utilized to pay for the improvements and the overall financial performance of the project being guaranteed by JCI. This Feasibility Assessment will be conducted at JCI's expense in accordance with the Implementation Timeline shown below.

2) **RESPONSIBILITIES OF CLIENT**

Client hereby agrees to furnish to JCI, any technical and/or financial data that accurately reflects the Client's ongoing operation. In accordance with the Implementation Timeline shown in Item #5, this data shall be provided in a timely manner to expedite the completion of the Feasibility Assessment. Client also agrees to help facilitate meetings with the appropriate Staff members as this Feasibility Assessment progresses.

3) **PROJECT CONTINUANCE**

If the Feasibility Assessment indicates that a self-funding project is possible, it is the intent of both parties to discuss procurement options available and allowed under City Charters. No funding is required until both parties enter into a Project Development Agreement as described in Item #4. If the Feasibility Assessment indicates that a self-funding project is NOT possible, this process will end. Nothing herein shall be construed to require the city to enter into a project Development Agreement even though a self-funding project is possible.

4) **PROJECT DEVELOPMENT AGREEMENT**

The Project Development Agreement (PDA) governs the Detailed Analysis and will yield a defined scope of work for JCI to implement, actual implementation cost, and guaranteed financial benefit. If the Client intends to borrow any funds as part of this project, the finance documents and amortization schedules will also be included (provided by the approved lender).

The cost associated with the PDA will be determined during the Feasibility Assessment and the Client will be invoiced for this cost upon completion of the Detailed Analysis – except in the following cases:

- If JCI and the Client enter into an Implementation Agreement within thirty - (30) days after receiving the Detailed Analysis, the PDA invoice will be canceled and our PDA development fees will be incorporated into the cost of the Implementation Agreement.
- If the Detailed Analysis indicates that JCI cannot generate a budget-neutral project, the Client will be under no obligation to pay for the PDA development fees.

If at any point the Town elects not to implement the project, the project development ends and JCI is reimbursed for the mutually agreed development costs.

5) **IMPLEMENTATION TIMELINE**

The Implementation Timeline below summarizes the key milestone dates in our intended development:

Activity	Completion Date
MOU approved to commence with Feasibility Assessment	
All technical and financial data provided to JCI	2 weeks
Feasibility Assessment and PDA presented to Client	4 weeks
PDA approved to commence with Detailed Analysis	4 weeks
Detailed Analysis and Implementation Agreement presented to Client	12 weeks
Implementation Agreement approved	4 weeks

IN WITNESS WHEREOF, the parties have duly executed this Memorandum, in duplicate, as of the date set forth below.

The Town of Davie, Florida

Johnson Controls, Inc.

SIGNED _____
NAME _____
TITLE _____
DATE _____

SIGNED _____
NAME Alfred Guerrero
TITLE Account Exec. - Municipal Solutions Team
DATE _____

PERFORMANCE-BASED SOLUTIONS

Johnson Controls, Inc., enables city and county governments to make cost-effective infrastructure and operating improvements while simultaneously making a positive impact on operating and capital budgets. Through a collaborative, co-authored approach, we work with local governments to identify specific areas to eliminate unnecessary costs and to increase the inflow of revenue dollars. Typically, improvements are funded from the savings or increased revenue dollars without the need for monies from capital budgets. Additionally, in order to minimize any risks for the governmental agency, Johnson Controls will guarantee our performance and our financial commitments.

I. Initial Assessment and Preliminary Analysis

The Memorandum of Understanding between Johnson Controls and the Town of Davie serves as a public document that establishes the scope, explains the development process along with stating that the Preliminary Analysis will be conducted at no cost to the Town. This initial step is to evaluate the potential for operational improvements within the Utility that align with your vision and mission. Through an analysis of your existing operating and capital expenses, existing infrastructure, and through comprehensive interviews with your staff, we can begin to determine what opportunities for improvement exist. The main purpose of this step is to determine feasibility from an strategic, financial and technical level so that, together, we can make an intelligent choice about what course of action makes the most sense for you and what financial resources are available for reinvestment into your infrastructure.

This analysis is conducted at no cost to the Town. At the conclusion of our Initial assessment and preliminary analysis Johnson Controls will present the results to the Town of Davie. At that time, if a self-funding, budget-neutral project is possible, the Town will make a determination as to whether or not to continue with the development process. If a self-funding, budget-neutral project is not possible, this process will end.